

## Message Text

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63

ACTION EUR-12

INFO OCT-01 ISO-00 L-03 DOTE-00 CG-00 EB-07 H-02 COME-00

CIAE-00 INR-07 NSAE-00 /032 W  
----- 049019

R 082355Z MAR 76

FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC 9065

INFO MR. GERALD J. MCCARTHY

DEPUTY DIRECTOR

DEPT OF STATE HIGHWAYS & TRANSPORTATION

HIGHWAYS BUILDING

LANSING, MICHIGAN

UNCLAS OTTAWA 0962

E.O. 11652: N/A

TAGS: ELTN, CA

SUBJ: PROPOSED ADDITIONAL ST. CLAIR RIVER INTERNATIONAL  
BRIDGE

REF: (A) STATE 051642; (B) OTTAWA 913

1. TCO MET MORNING MARCH 8 WITH SENIOR MOT HIGHWAY  
OFFICIALS TO REVIEW STATUS OF PREPARATIONS FOR MEETING  
WITH MICHIGAN GROUP ON NEW BRIDGE. FOLLOWING POINTS  
EMERGED WHICH MAY BE RELEVANT TO USG AND MICHIGAN PREPARATIONS:

A. THERE IS INCREASING SKEPTICISM IN MOT AND ELSEWHERE  
IN GOC WITH TRADITIONAL DEMAND FORECASTS FOR NEW HIGHWAY  
AND BRIDGE PROJECTS. IT IS FELT THAT THESE--WHETHER DONE  
IN CANADA OR ELSEWHERE--MAY NOT TAKE INTO ADEQUATE  
CONSIDERATION ENERGY, ENVIRONMENTAL AND OTHER TRENDS  
IN SOCIAL AND ECONOMIC DEVELOPMENT WHICH WILL IMPACT  
UPON DEMAND FOR MAJOR UNDERTAKINGS. MOT HAS NOT YET  
COMMENCED EXAMINATION OF EITHER MICHINGAN OR ONTARIO  
TRAFFIC FORECASTS RESPECTING SARNIA-PORT HURON AREA  
BUT APPEARS TO HAVE JAUNDICED VIEW OF ONTARIO AND OTHER  
PROVINCIAL EFFORTS WITH RESPECT TO SIMILAR PROJECTS IN  
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WHICH FEDERAL INVOLVEMENT IS SOUGHT OR REQUIRED.

B. THERE IS THEORETICALLY MORE FLEXIBILITY ON THE PART OF GOC WITH RESPECT TO METHODS OF FINANCE THAN WE HAVE PREVIOUSLY BEEN LED TO EXPECT. THAT IS, FINANCING BY OTHER THAN REPAYABLE BOND ISSUES DOES NOT HAVE TO BE COMPLETELY RULED OUT--ALTHOUGH USE OF BOND ISSUES APPEARS TO BE THE PREFERRED CANADIAN APPROACH. IN APPROACHING THE FINANCIAL QUESTION (NO MATTER WHICH DEVICE ULTIMATELY USED) GOC WILL SEEK TO ISOLATE AS PRECISELY AS POSSIBLE THE ULTIMATE BENEFICIARIES AND SEEK TO RELATE THE FINANCIAL BURDEN THERETO AS CLOSELY AS POSSIBLE. WHAT THIS WILL MEAN IN PRACTICE CANNOT BE FORETOLD AT PRESENT. HOWEVER, THESE OFFICIALS POINTED TO THE DETROIT-WINDSOR SITUATION AND NOTED THAT TRAFFIC CONNECTED WITH THE AUTO INDUSTRY IS A DISPROPORTIONATE USER OF THE BRIDGE-TUNNEL FACILITIES. THEY APPEARED TO BE SUGGESTING THAT THE TOLL REGIME DOES NOT BEAR HEAVILY ENOUGH ON THAT INDUSTRY AND ITS USE IS BEING SUBSIDIZED BY OTHER INTERESTS. IN LOOKING AT THE SARMIA-PORT HURON SITUATION CONSIDERATIONS OF THIS NATURE WILL BE VERY MUCH ON THE MINDS OF CANADIAN OFFICIALS AND THEY WILL WANT THE FINANCIAL REGIME MUTUALLY AGREED TO REFLECT THEM.

2. CANADIAN DELEGATION TO APRIL TALKS WILL BE FAIRLY LARGE. PRESENT EXPECTATIONS ARE THAT AT LEAST TEN FEDERAL OFFICIALS WILL BE INVOLVED PLUS ONTARIO AND BLUE WATER AUTHORITY REPRESENTATION. MOT OFFICIALS REGARD SESSION AS VERY PRELIMINARY AND FORESEE AN EXTENDED SERIES OF SPECIALIZED DISCUSSIONS LATER. THEY THINK IT LIKELY APRIL SESSION WILL LAST A FULL DAY.

3. EMBASSY NOTES FROM REF A THAT WASHINGTON GROUP HOPES TO MEET MICHIGAN GROUP IN OTTAWA ON DAY PREVIOUS TO MEETING. WE UNDERSTAND MICHIGAN GROUP WILL ARRIVE IN STATE AIRCRAFT PREVIOUS AFTERNOON. WASHINGTON OFFICIALS SHOULD CONTACT MICHIGAN PEOPLE DIRECTLY TO ARRANGE FOR MEETING BUT SHOULD KEEP IN MIND THAT OPTIMAL FLIGHT FROM WASHINGTON ARRIVES OTTAWA AT NIGHT. IN ANY EVENT WE SUGGEST ENTIRE GROUP COME TO EMBASSY NINE O'CLOCK MORNING OF MEETING FOR GENERAL DISCUSSION WITH TCO AND PERHAPS AMBASSADOR.

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4. WE ARE FORWARDING TO EUR/CAN AND STATE OF MICHIGAN COPY OF CANADIAN NATIONAL HIGHWAY POLICY SUMMARY STATEMENT OF JULY 5, 1974 PREPARED AS A BASIS FOR DISCUSSIONS WITH PROVINCES ON HIGHWAY QUESTIONS. MOT OFFICIALS INDICATED IT WAS RELEVANT TO DISCUSSIONS WITH US INTERESTS ON INTERNATIONAL BRIDGES.

5. EXTAFF HAS NOW CONFIRMED DATE OF APRIL 8.  
ENDERS

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